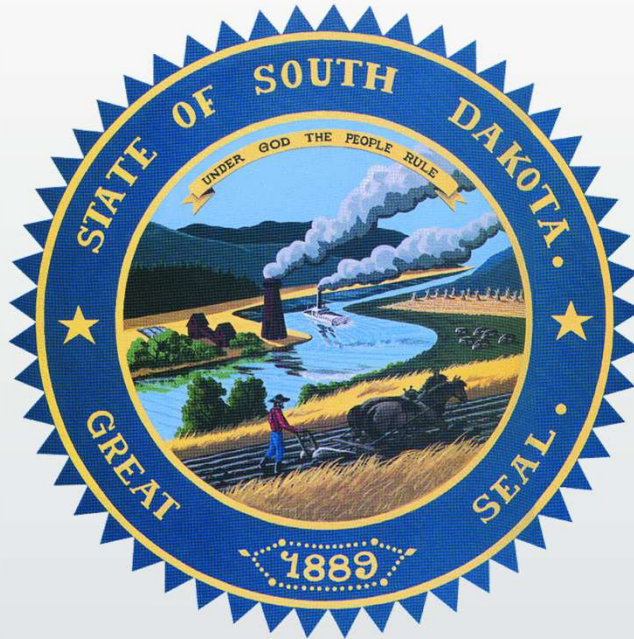


STATE AID TO EDUCATION



Presentation to the Joint Committee on Appropriations
January 13, 2021

AGENDA

- What is State Aid?
- Overview of Current Formulas
 - General Education
 - Special Education

WHAT IS STATE AID?



STATE AID TO GENERAL EDUCATION FORMULA

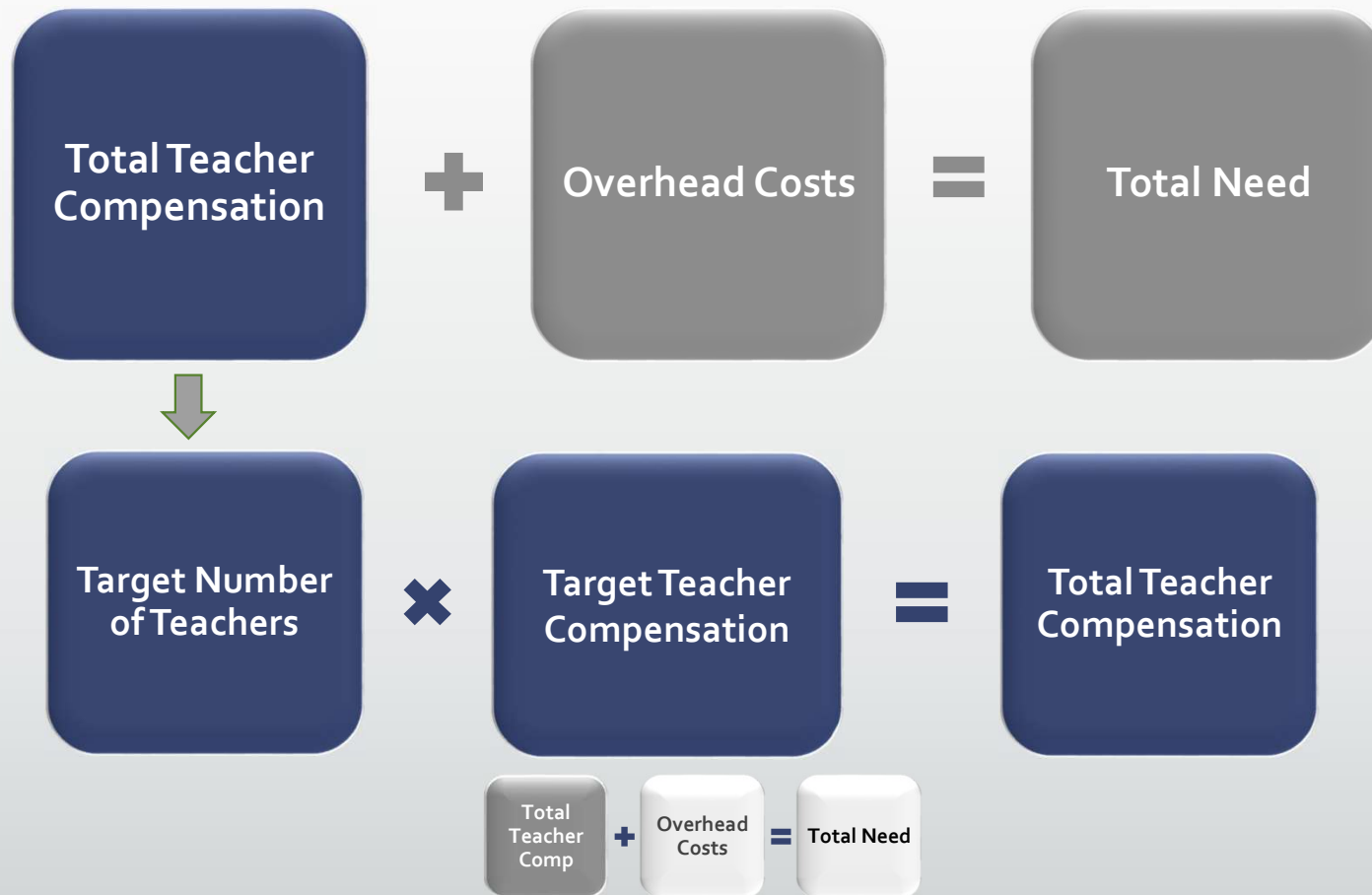
GENERAL EDUCATION: HOW THE FORMULA WORKS



TOTAL NEED



TOTAL NEED: TOTAL TEACHER COMPENSATION

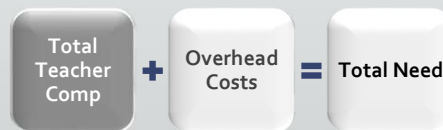


TARGET NUMBER OF TEACHERS

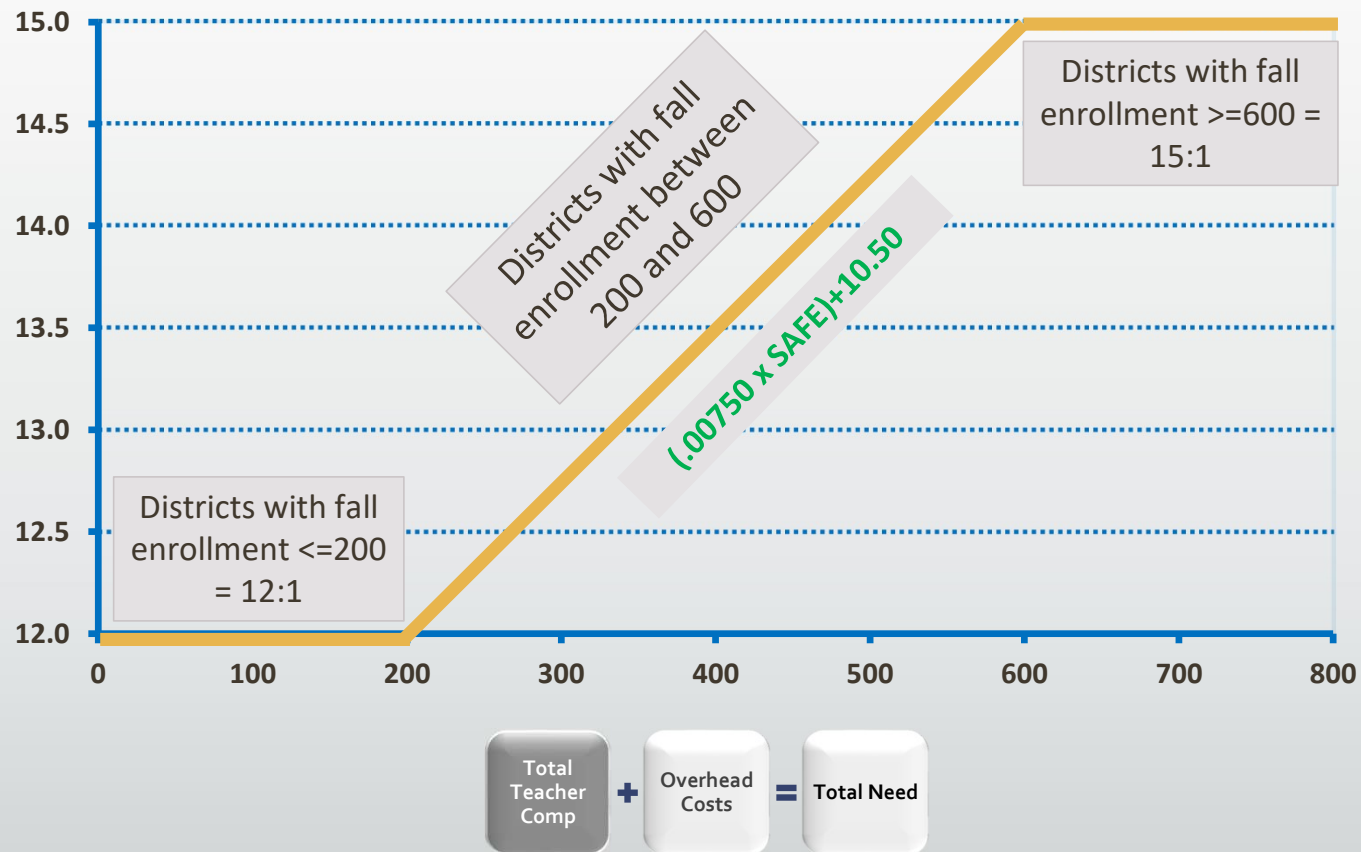


STATE AID FALL ENROLLMENT

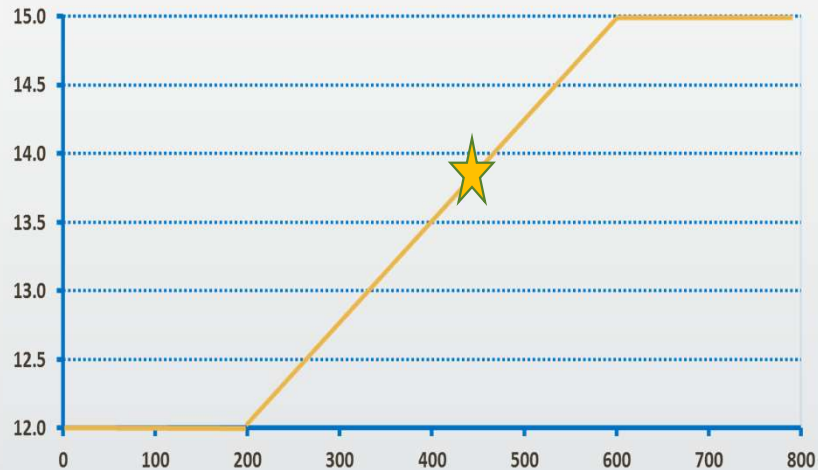
- Number of K-12 students enrolled in all schools operated by the school district
- Taken on the last Friday in September
- Use the current year count



TARGET TEACHER RATIO



EXAMPLE: TARGET TEACHER RATIO



Target Number of Teachers

State Aid Fall Enrollment Count	449
/ Target Teacher Ratio	13.87
Base Target Number of Teachers	32.38

Total
Teacher
Comp

+

Overhead
Costs

=

Total Need

LIMITED ENGLISH PROFICIENCY (LEP) ADJUSTMENT

- Additional funding provided through the formula to aid in costs for educating English Language Learners (ELL)
- Based on number of K-12 students who score below a level 4 on the state-administered language proficiency assessment
- Each student counts as an additional .25 students

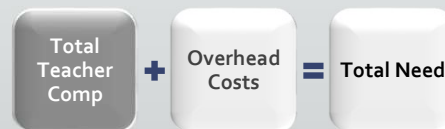
Target Number of Teachers

State Aid Fall Enrollment Count	449
/ Target Teacher Ratio	13.87
Base Target Number of Teachers	32.38

LEP Adjustment

Number of Eligible ELL Students	5.0
X LEP Weight	.25
Weighted LEP Student Count	1.25
/ Target Teacher Ratio	13.87
LEP Target Number of Teachers	0.09
+ Base Target Number of Teacher	32.38
Target Number of Teachers	32.47

TARGET TEACHER COMPENSATION

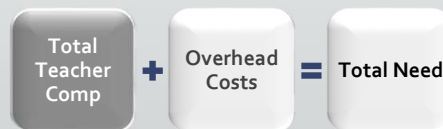


TARGET TEACHER COMPENSATION

- The Target Teacher Salary for FY2021 is set at \$51,367.47
- Reviewed after every 3 years by the Teacher Compensation Board
- The Target Teacher Benefits are set at 29% of the Target Teacher Salary

Target Number of Teachers	32.47
----------------------------------	--------------

Teacher Compensation	
Target Teacher Salary (FY2021)	\$51,367
+ Target Teacher Benefits (29%)	\$14,896
Target Teacher Compensation	\$66,264
Need based on Target Teacher Compensation	\$2,151,593



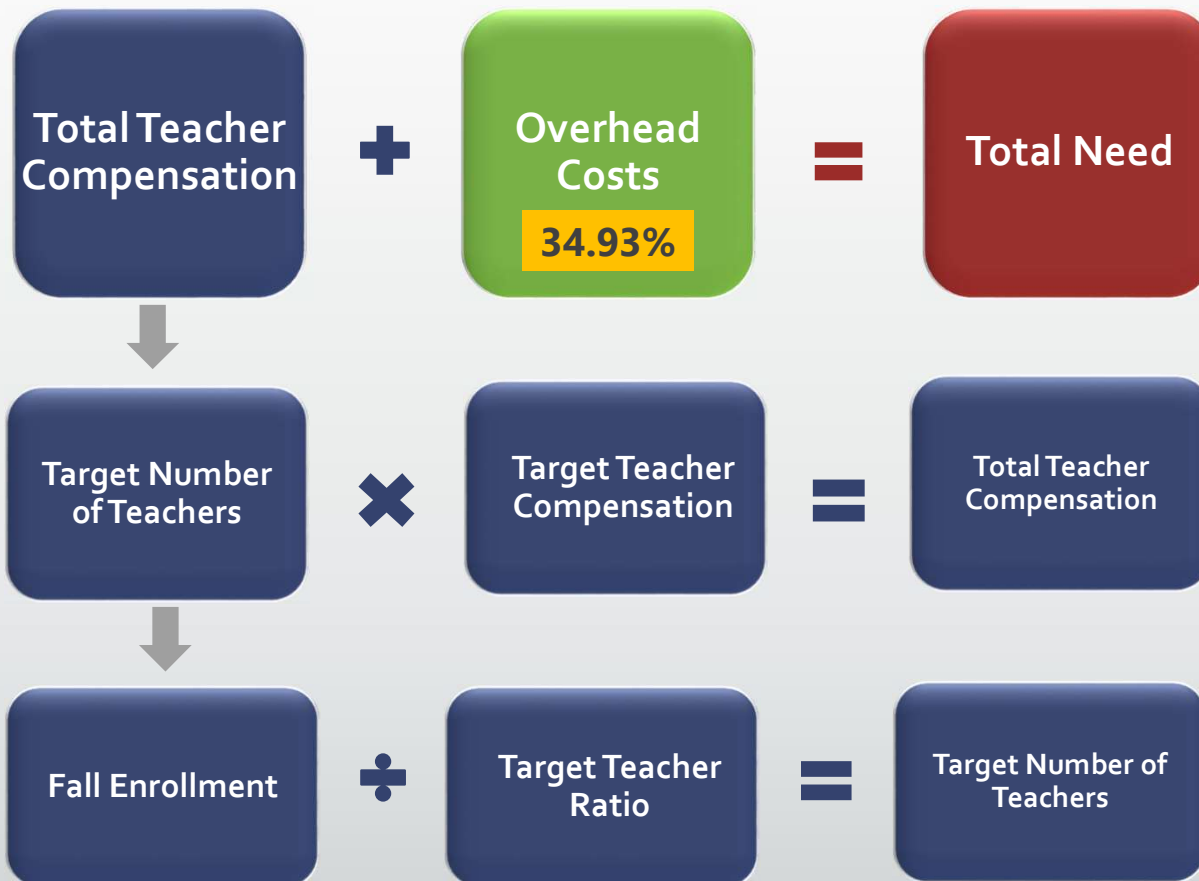
OVERHEAD RATE

- The Overhead Rate was established to assist funding costs to districts outside of teacher compensation
- For FY2021, the rate was set at 34.93%
- Rate will be adjusted upward as other revenues are brought into the formula

Overhead Costs	
Need based on Target Teacher Compensation	\$2,151,593
X % of Overhead Costs (FY2021)	34.93%
State Aid Share Overhead Costs	\$751,551

$$\begin{array}{c} \text{Total} \\ \text{Teacher} \\ \text{Comp} \end{array} + \begin{array}{c} \text{Overhead} \\ \text{Costs} \end{array} = \begin{array}{c} \text{Total Need} \end{array}$$

TOTAL NEED



TOTAL NEED: IPSWICH EXAMPLE

<i>Target Number of Teachers</i>	
State Aid Fall Enrollment Count	420
/ Target Teacher Ratio	13.65
Base Target Number of Teachers	30.77
<i>LEP Adjustment</i>	
Number of Eligible ELL Students	31.0
X LEP Weight	.25
Weighted LEP Student Count	7.75
/ Target Teacher Ratio	13.65
LEP Target Number of Teachers	0.57
+ Base Target Number of Teacher	30.77
Target Number of Teachers	31.34

<i>Teacher Compensation</i>	
Target Teacher Salary (FY2021)	\$51,367
+ Target Teacher Benefits (29%)	\$14,896
Target Teacher Compensation	\$66,264
X Target Number of Teachers	31.34
Need based on Target Teacher Comp.	\$2,076,516
<i>Overhead Costs</i>	
Need based on Target Teacher Comp.	\$2,076,516
X % of Overhead Costs (FY2021)	34.93%
State Aid Share Overhead Costs	\$725,327
Need based on Target Teacher Comp.	\$2,076,516
+ State Aid Share Overhead Costs	\$725,327
STATE AID LOCAL NEED	\$2,801,843

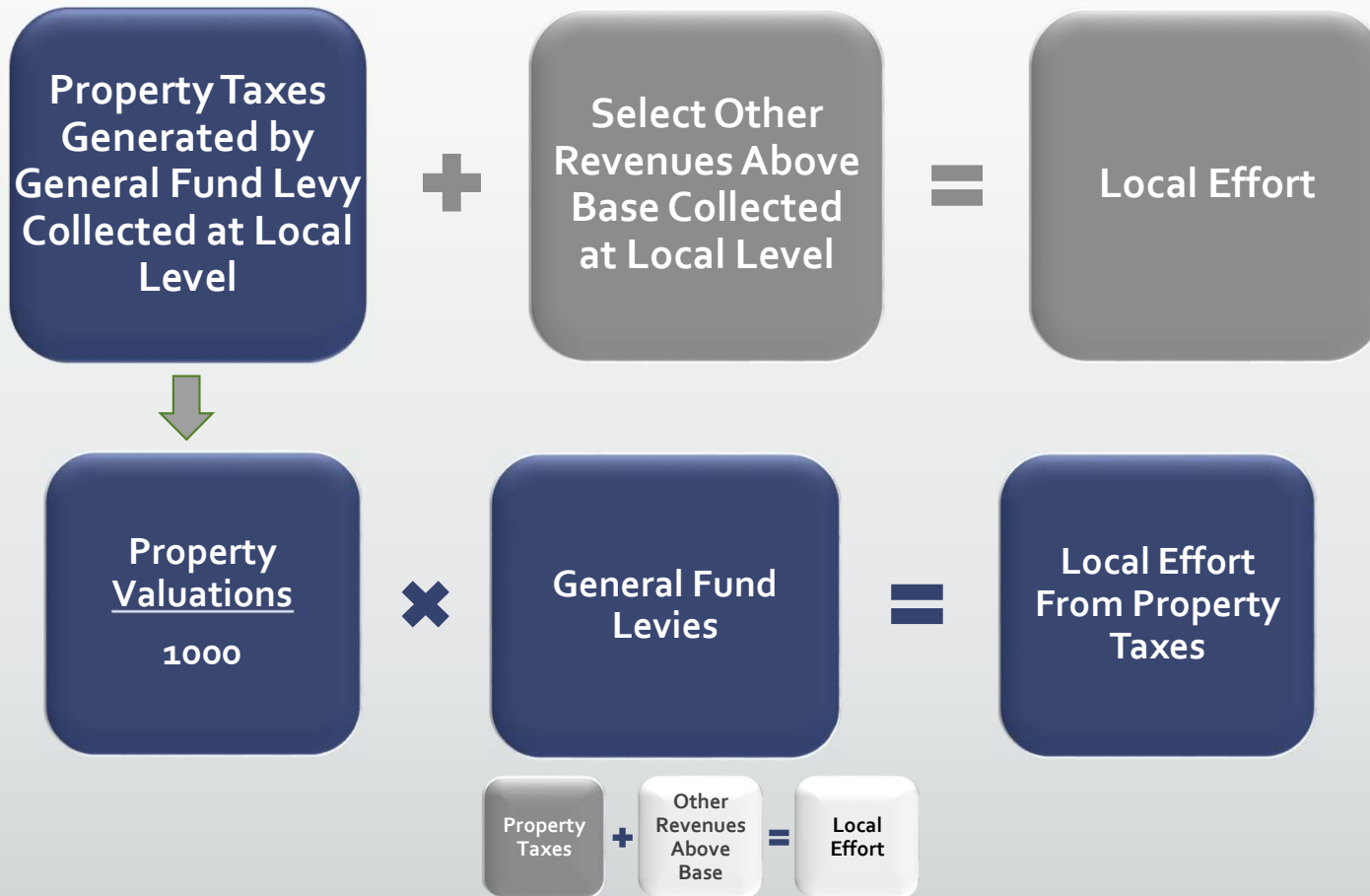
STATE AID TO GENERAL ED FORMULA



LOCAL EFFORT

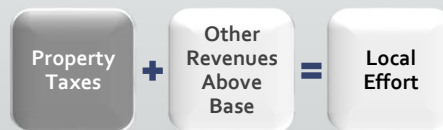


PROPERTY TAXES

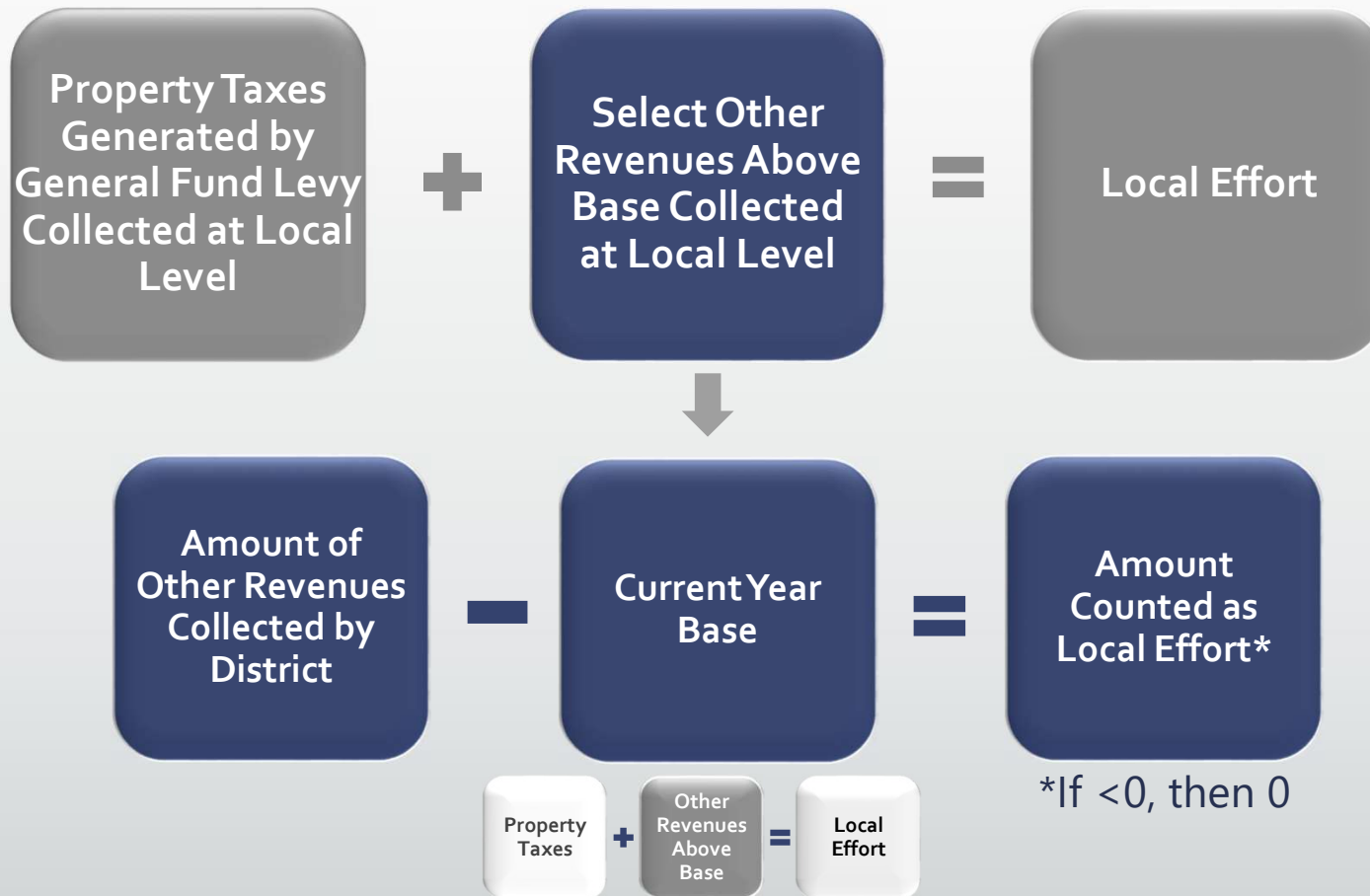


GENERAL FUND LEVIES

- 3 classes of property that are recognized
- Pay 2021 levies set in HB 1043 (2020 session):
 - Agricultural (Ag)
 - \$1.443/\$1,000 of taxable valuation for pay 2021 taxes
 - Owner Occupied (OO)
 - \$3.229/\$1,000 of taxable valuation for pay 2021 taxes
 - All Other (Commercial, Utilities, etc.)
 - \$6.682/\$1,000 of taxable valuation for pay 2021 taxes

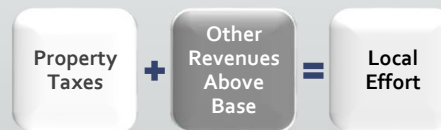


OTHER REVENUES AS LOCAL EFFORT



OTHER REVENUES EQUALIZED

- Six sources of other revenue that have the character of a state tax will be counted as local effort:
 - Gross receipts tax on utilities
 - Local revenue in lieu of taxes
 - County apportionment of revenue from traffic fines
 - County revenue in lieu of taxes
 - Renewable energy (wind and solar) taxes
 - Bank franchise tax
- The funds will continue to be collected and maintained by the local school district

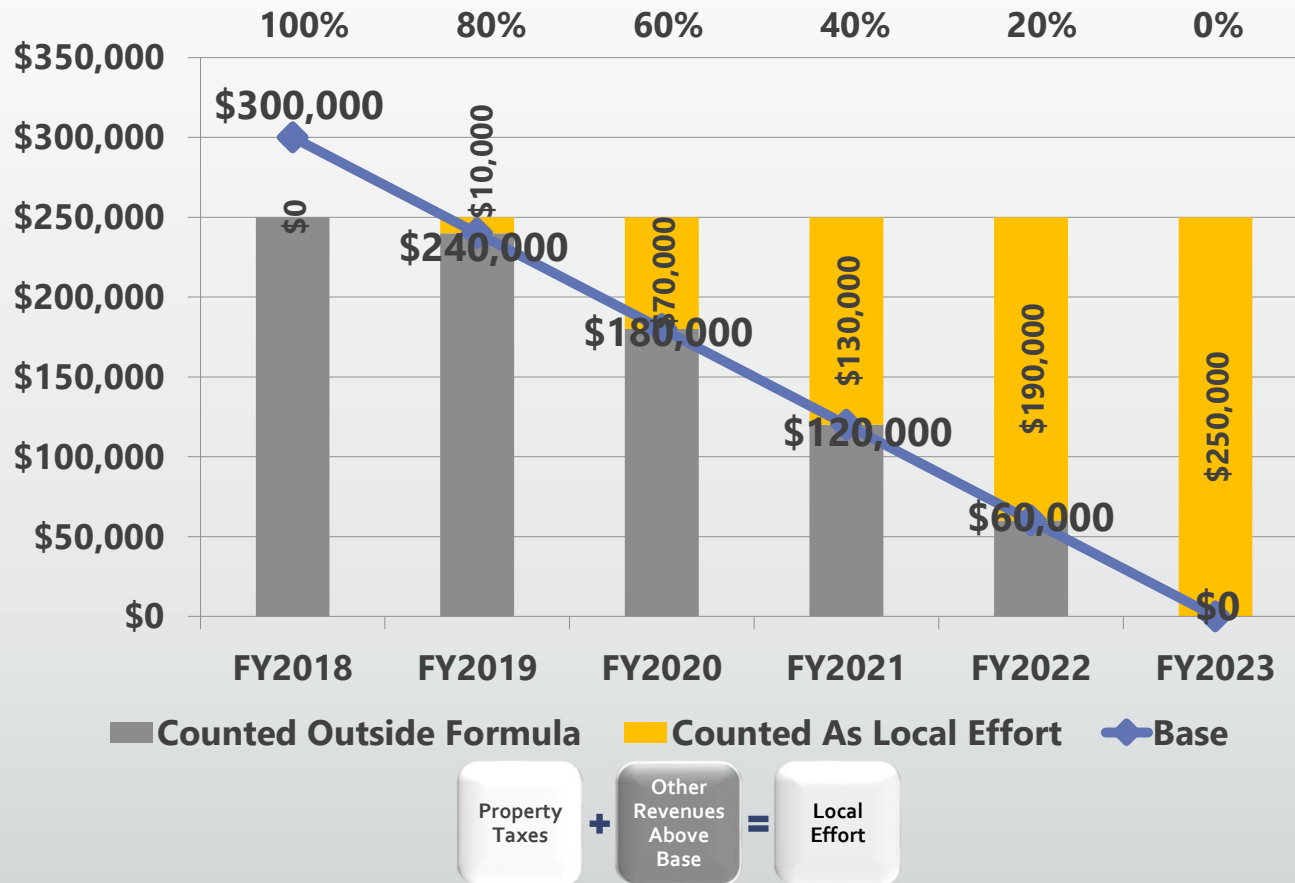


FIVE YEAR PHASE IN

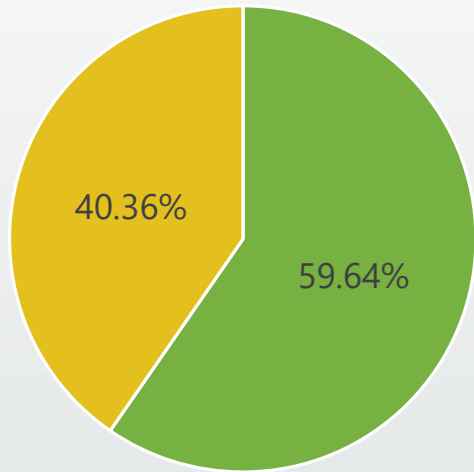
- Initially, each school district will be given a base that will hold its other revenues harmless in the first year
- This base is determined based on the greatest of collections from FY13, FY14 and FY15
- The based will be stepped down over five years, at 20% each year
- Other revenue collected beyond the “hold harmless base” will be counted as local effort in the formula and therefore equalized across districts



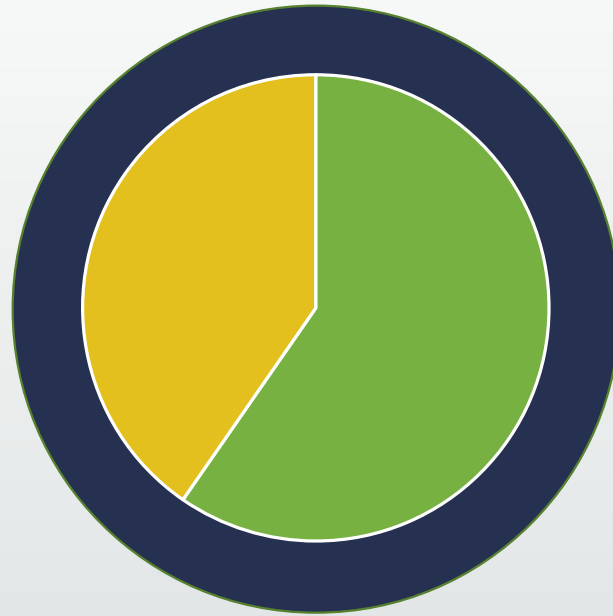
FIVE YEAR PHASE IN EXAMPLE



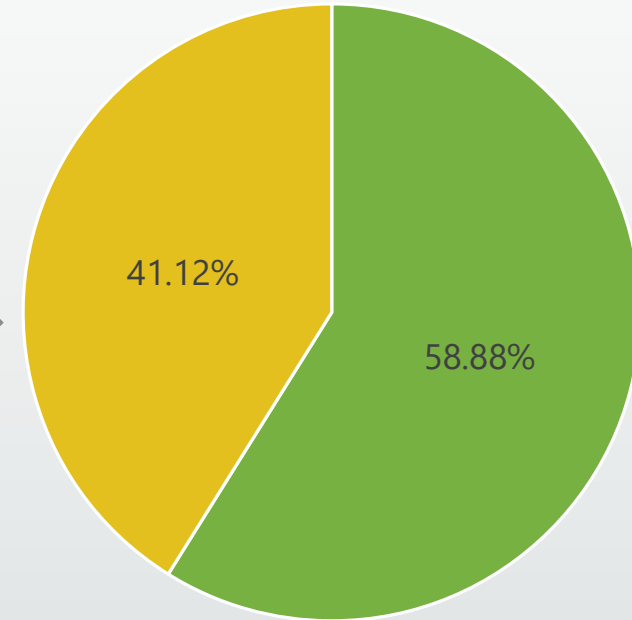
OTHER REVENUE IN THE FORMULA: STATEWIDE VIEW



**FY21 Total Need
Before Other Revenue
is Equalized (\$860.0M)**



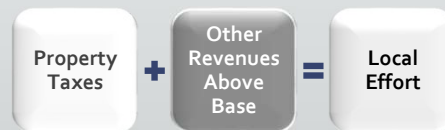
**Other Revenue
Equalized (\$11.8M)**



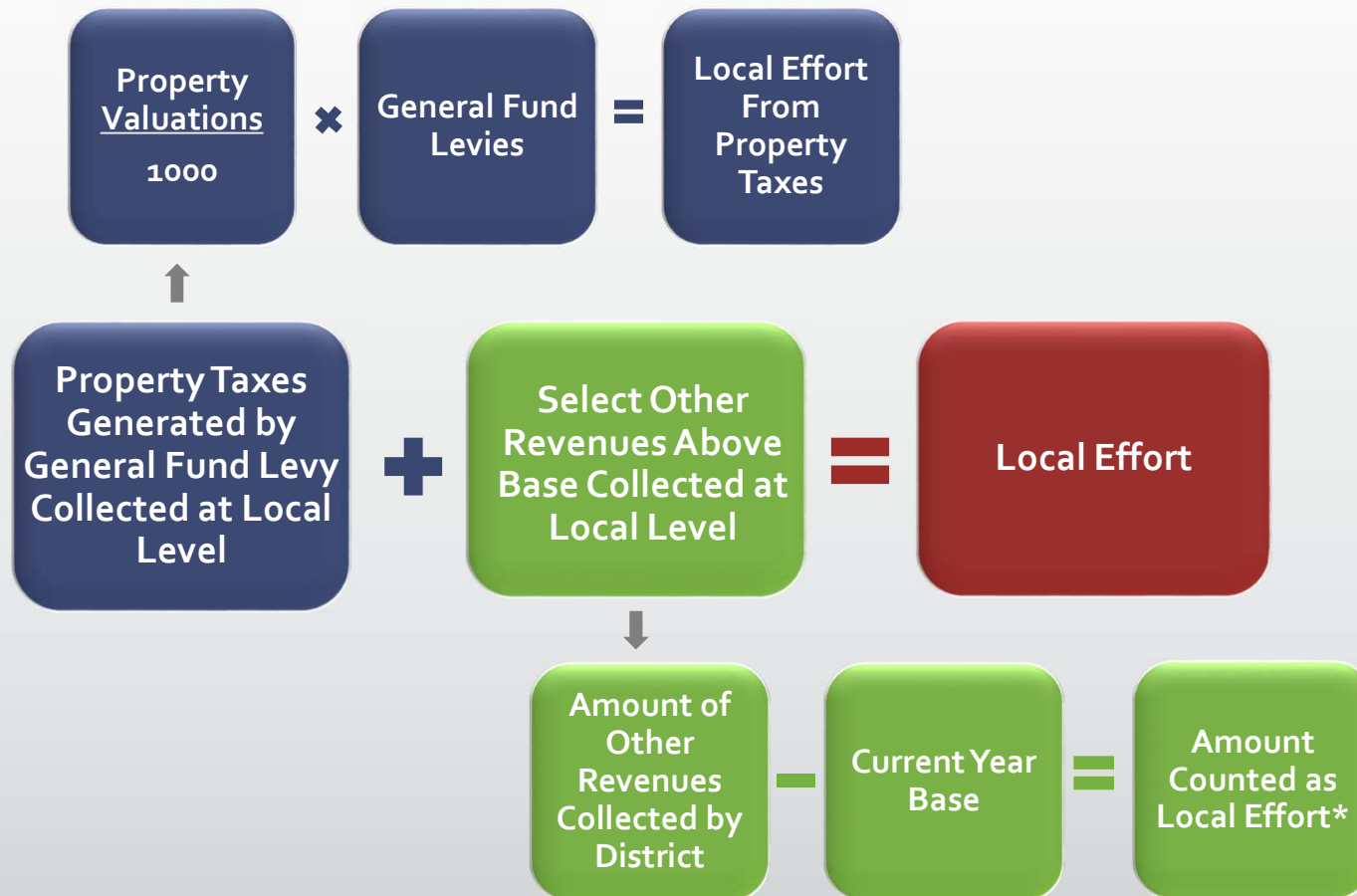
**FY21 Total Need
After Other Revenue is
Equalized (\$871.8M)**

WIND FARMS

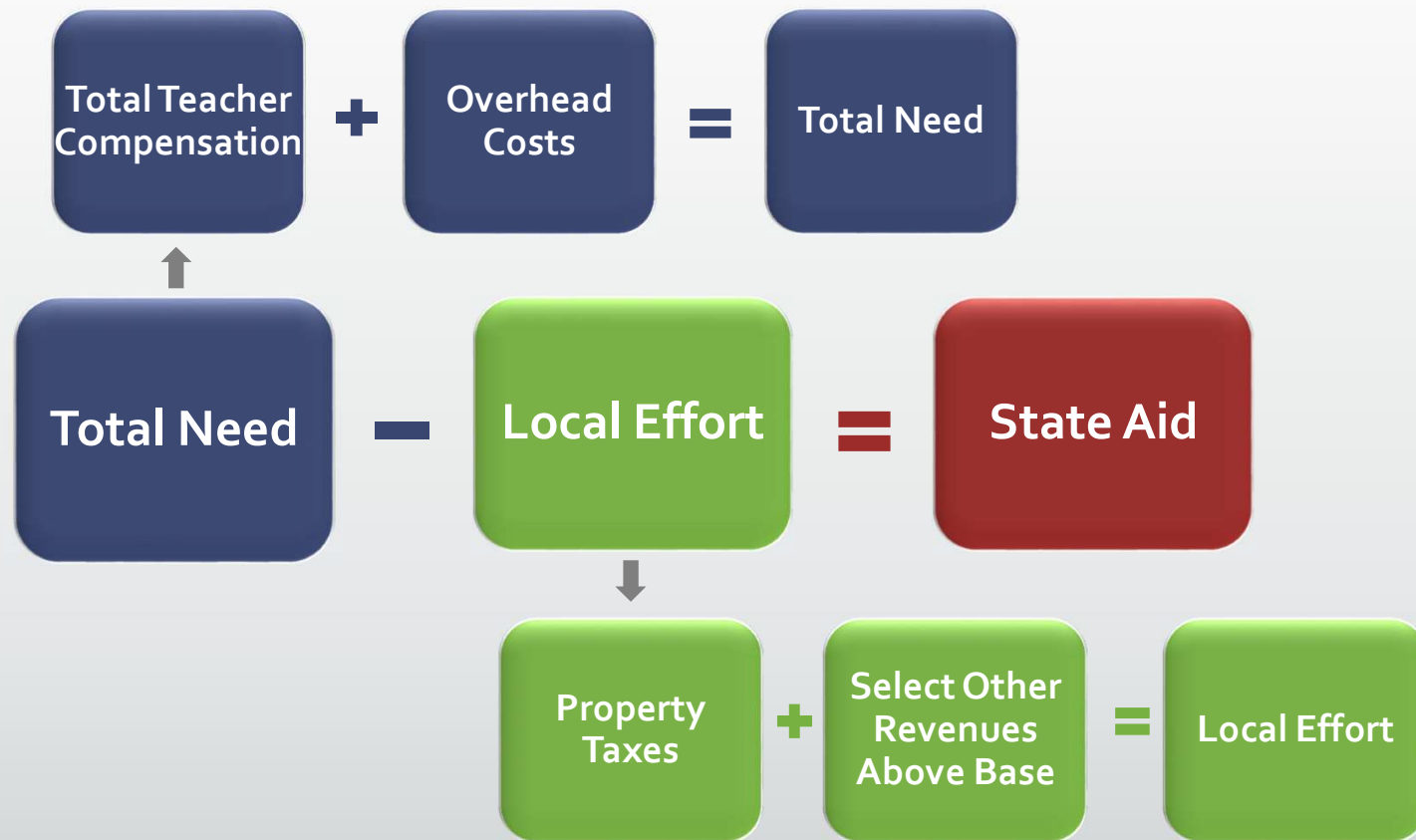
- Wind farms that produce energy prior to July 1, 2016 will be part of the initial equalization
- For new wind farm projects, the wind farm taxes will be outside of the formula for five years and then will be phased into local effort over the next five years



LOCAL EFFORT RECAP



STATE AID TO GENERAL EDUCATION: PUTTING IT ALL TOGETHER



STATE AID TO SPECIAL EDUCATION FORMULA

SPECIAL EDUCATION: HOW THE FORMULA WORKS



TOTAL NEED



TOTAL NEED: MITCHELL EXAMPLE

Disability Level	Allocation	# Students	Total
Level 1: Mild Disability	\$6,152	445	\$2,737,640
Level 2: Cognitive Disability or Emotional Disorder	\$14,655	57	\$835,335
Level 3: Hearing Impairment, Deafness, Visual Impairment, Deaf-blindness, Orthopedic Impairment, or Traumatic Brain Injury	\$19,194	4	\$76,776
Level 4: Autism	\$15,405	41	\$631,605
Level 5: Multiple Disabilities	\$32,348	6	\$194,088
Level 6: Prolonged Assistance	\$8,261	7	\$57,827
STATE AID LOCAL NEED			\$4,533,271

LOCAL EFFORT

- Instead of having a different levy for each class of property, the levy is the same across all classes.
- Districts are allowed to levy up to an additional 0.20/\$1,000

Property Taxes
Generated by
Special Ed Levy
Collected at Local
Level

=

Local Effort

STATE AID TO SPECIAL EDUCATION: PUTTING IT ALL TOGETHER



STATE AID TO SPECIAL EDUCATION: MOE

- Under the Individuals with Disabilities Education Act (IDEA), the federal law that governs special education policy, states are required to meet Maintenance of Effort (MOE) every year to continue receiving federal education spending
- MOE forces states to provide levels of funding for special education that are at least equal to the prior year's state spending levels

QUESTIONS